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Summary

Prospects for the conclusion of a bilateral treaty between Japan and China improved considerably with the publication of Prime Minister YOSHIDA's letter of December 24, 1951 to Ambassador DULLES. The Chinese, although having some reservation as to the wording, accepted the letter as an adequate basis for beginning negotiations. Subsequent remarks by Yoshida and other members of the Japanese Government as reported in the press appeared to be contradictory and complicated the issue, since the Chinese were left in some doubt as to Japanese intentions. As a result the Chinese Government felt pressed to state more clearly its own position and to obtain from the Japanese commitments on points considered essential for successful negotiation. The Japanese were asked prior to the arrival of their mission in Taipei to agree to the use of the word "peace" in the title of the treaty and the inclusion of the formula for the scope of application of the treaty in a document separate from the treaty proper. This question had not been determined at the end of the month under review, but there was a general feeling that with restraint and good will on both sides a mutually satisfactory treaty could be concluded.

The well-publicized visit of General LI MI to Taipei was a source of considerable embarrassment to the Chinese. They were unable to provide him with the supplies he desired, and officially denied having control over his troops. They wished, moreover, to avoid further discussion of the subject, which could only show their own weakness without improving the situation.

The Control Yuan passed a motion to institute both criminal and impeachment proceedings against Vice President LI Tsung-jen for his statements in New York in connection with the General P.T.MOW case. Impeachment hit a snag in lack of a quorum of the National Assembly on Formosa and difficulty in getting members from abroad. President CHIANG was reported to be insisting that the Assembly be called regardless of the difficulties involved, and to consider the ouster of Li as only secondary. Primary duty of the Assembly, if called, would be to consolidate and expand the emergency powers of the President.

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-2-

Governor WU submitted what was reported to be his fourth resignation and seemed determined that this one should be accepted. In addition to the long standing difficulty of his unsatisfactory relations vis-a-vis Premier CHEN, there were disputes over the division of Provincial Government funds with the National Government and interference in what he considered provincial affairs. Subsequently, however, President Chiang, who has opposed any major change in the Government at this time, was able to persuade Governor Wu to withdraw this resignation for the time being. Since none of the basic causes of the resignation appear to have been resolved, the balance struck seemed an uneasy and temporary one. It would appear that eventually either the Premier or Governor Wu might have to go.

Japanese Peace Treaty

The publication in early January of the letter dated December 24, 1951, written by Prime Minister Yoshida to Ambassador Dulles was well received by the Chinese, and satisfaction was generally expressed over this forthright statement of Japan's intention to conclude a bilateral treaty with the Chinese Government. Although there was reservation as to some of the phraseology, particularly with regard to the date on which the treaty might be signed and the time of its coming into effect, the Chinese were on the whole ready to accept the letter as the basis for negotiations. In official statements, Foreign Minister YEH and Chief of the China Mission in Tokyo, General HO Shih-li, expressed the readiness of the Chinese Government to conclude a bilateral peace treaty with the Japanese at the earliest possible date.

Subsequent remarks made by Mr. Yoshida and other members of the Government to the Japanese Diet, as reported in the Taipei press, appeared to be contradictory and aroused considerable disquiet as to the true intent of the Japanese Government. It was not clear whether it was the Japanese intention to conclude a peace treaty or only "some sort of amity agreement", what the Japanese position was with regard to dealing with the Chinese communists, or to what extent the letter to Dulles was itself sincere or represented only a desire to facilitate the passage of the San Francisco treaty through the United States Senate.

1. Emb Despatch 304, Jan. 21, 1952, "Taipei Press Reaction to the Yoshida-Dulles Letter".
2. Emb Despatch 327, Feb. 1, 1952, "Taipei Press Reaction to Yoshida Statement of Jan. 26, 1952".

-3-

While maintaining a more flexible attitude on other points, the Chinese Government had consistently held that re-establishment of formal relations with Japan must take the form of a treaty of peace between the two countries, following as closely as possible the San Francisco treaty. The Japanese were informed of this in connection with the setting up in Taipei of the Japanese Overseas Agency, and with the proposal, reported in the press, to send Liberal Party Representative Ken INUKAI to Formosa as a goodwill envoy. In both cases the Chinese took the position that while welcoming the moves as such they could in no way be considered acceptable substitutes for a regular peace treaty.

In view of the apparently conflicting statements appearing in press reports emanating from Tokyo, the Chinese felt under pressure to clarify their position still further. The Japanese Government was asked as a prior condition to sending a mission to Taipei to discuss a treaty, to incorporate in a written communication its intention to proceed along lines outlined in the Yoshida letter to Dulles. In a note complying with the Chinese request the Japanese expressed the intent to send a mission under former Finance Minister KAWADA "to negotiate a bilateral treaty which will end the state of war and reestablish normal relations". The Chinese reply accepted the mission but stated that the term "bilateral treaty" was understood to mean "Treaty of Peace" by the Chinese Government.

The insistence on the use of the word "peace" was regarded as entirely consistent with the previous Chinese position that the bilateral treaty follow substantially the San Francisco text, which was a peace treaty both in name and substance. Newspaper reports had caused doubts as to the Japanese intentions toward both the Chinese Government and the Peiping regime. The word itself assumed particular importance when Chinese suspicions were aroused by a report that an official in the Japanese Foreign Office had first approached General Ho Shih-li in Tokyo with regard to a "peace treaty" and then had later specifically withdrawn "peace". Subsequent newspaper accounts reflected the Chinese fear that the Japanese had in mind some other type of agreement which would avoid acknowledging this government as the lawful government of the Republic of China.

As reports came in that the Japanese were completing their preparations for sending a delegation to Taipei in early February, Foreign Minister Yeh met with the Foreign Relations Committee of the Legislative Yuan in a secret session. The members insisted that the word "peace" must appear in the title of the treaty. Foreign Minister Yeh in a press conference following the meeting said that unanimous agreement had been reached that the treaty must be a peace treaty in name as well as substance and based upon the San Francisco treaty; it must acknowledge this Government as the sole lawful

-4-

SECRET

government of the Republic of China. These conditions were considered as necessary in order to preserve the prestige of the Chinese Government both at home and abroad, and to forestall the possibility of the Japanese making a deal with the Chinese Communists.

The Chinese position had by this time been made clear: (1) the treaty must be a peace treaty with the Government of the Republic of China as the Government which had been at war with Japan, (2) it should take the form of a bilateral peace treaty which would follow in general the line of the multilateral treaty signed at San Francisco, and (3) it should be signed and come into effect at such a time as not to put the Chinese in an unfavorable light with regard to the other nations which had been at war with Japan (the coming into effect, preferably, but not necessarily, would be simultaneous with the multilateral treaty). A formula with regard to limiting the application of the treaty to areas under its actual control would be acceptable to the Chinese Government, but this must not impugn the recognition of this Government as the legal Government of the Republic of China, and should be incorporated in a separate protocol rather than made a part of the treaty proper. At the end of the month, although there was not yet full understanding as to the Japanese position with regard to the vital points of the name of the treaty and the inclusion of the scope of application formula, it appeared that with some restraint and good will on both sides the prospects for successfully negotiating an acceptable treaty were good.

Return of General Li Mi

The appearance of General Li Mi in Taipei in early January accompanied by considerable publicity in the press was a source of some embarrassment to the Chinese Government. The stated purpose of his trip which was apparently true was to try to obtain supplies badly needed for the coming year. The Chinese did not feel able to spare him the assistance he wanted. At the same time, while officially disclaiming responsibility for the troops, they still wished to maintain some semblance of "moral" control over General Li Mi as titular Governor of Yunnan and to avoid giving an order to him to return to Yunnan or go elsewhere which would not be obeyed. Dr. T.F. TSIANG, in answer to the VISHINSKY charges in the UN General Assembly, stated again the Chinese Government's position. After denying the

3. Emb Despatch 279, Jan. 8, 1952, "General Li Mi's Return to Formosa".

SECRET

-5-

charge that his Government was supplying reinforcements to General Li Mi, Dr. Tsiang stated: "the General is a Chinese Geribaldi. With geographic inaccessibility of his troops he is independent of my Government".

The Chinese considered that any further action on their part would only serve to show their own weakness without resulting in any improvement in the situation. They wished, therefore, to avoid discussion and publicity at this time of both Li Mi and, what they considered the related problem, of the reportedly harsh treatment being accorded the Chinese in Burma. Privately, Chinese officials expressed some puzzlement over American policy. They felt that the United States, if it really wished to do so, was in a better position to influence Li Mi than their own Government.

The Case of LI Tsung-jen

Little actual progress in the case against Vice-President Li Tsung-jen was made during the month. Indications increased, however, that the Government was determined to carry through in its attempt to oust Li for his support of General P.T. Mow and his challenge of Chiang Kai-shek as lawful President of China. The Control Yuan on January 10, 1952, decided to initiate charges of impeachment for dereliction of duty during a national emergency and for issuing orders after relinquishing his duties, and to press criminal charges for attempting to overthrow the government in violation of the Criminal Law⁴.

93 members took part in the decisions of the Control Yuan concerning Vice President Li. The total quota for membership of the Yuan is 223. Li made an attack upon the legality of the action of the Yuan based upon the absence of quorum in terms of this total quota. The Chinese Government has maintained, however, that the action was legal. This decision was based upon the fact that only 180 members were ever elected to the Control Yuan, and an interpretation of the term members, as used in the Constitution with relation to impeachment by the Control Yuan, to mean legally "elected members".

The criminal case against the Vice President was turned over by the Minister of Justice to the Supreme Court Chief Prosecutor's Department to examine before being tried by the High Court. The resignation of the Chief Prosecutor CHU Huan-pin was reportedly due

4. Emb Despatch 298, Jan. 16, 1952, "Present Status of Li Tsung-jen on Formosa".

-6-

to his refusal to handle the Li case. His successor CHAO Chien has proceeded to collect evidence for the case and recently announced that Li would be subpoenaed to appear before the Supreme Court.

Impeachment of Li by the National Assembly would present a still more difficult problem, since the members of the Assembly actually on Formosa are some 400 short of the necessary quorum. The matter was referred to the Legislative Yuan, whose responsibility it is to call the National Assembly extraordinary session and where it was put under study. The National Assembly has been asked to report the number of Assembly members on Formosa, Macao and Hong Kong; the number abroad and how long it would take them to get to Formosa, and the time required to prepare an emergency session. This report has not yet been made, although it has been informally estimated that to get sufficient members from abroad to hold the session would cost over US\$2 million. Other alternatives suggested to the time-consuming and expensive process of getting members back from overseas were that there be a unanimous declaration by the National Assembly members on Formosa favoring Li's removal from office, or that overseas members should empower representatives on Formosa to act for them in the proceedings.

In spite of the problems involved, President Chiang has apparently remained insistent that an extraordinary session of the National Assembly be called. While the ousting of Li and the election of a new Vice President would be the ostensible purpose for calling the Assembly, there were indications that the consolidation and legalization of the emergency powers of the President would be of equal if not greater importance, involving also the future of the Legislative Yuan which maintains an insecure existence in the absence of elections as called for in the Constitution. Li, in any case, seems personally to have been thoroughly discredited and the Government no longer feels particularly concerned over the possibility of his leading a Third Force movement.

Review of the 8th Session of the Legislative Yuan

The term of the 8th session of the Legislative Yuan, which was scheduled to end on December 31, 1951, was extended until January 19, 1952 in order to consider the 1952 General Budget of the Central Government. The budget was prepared with the assistance of MFA and MAAG advisers and had been praised by President Chiang in his New Year message as the best in 20 years.⁵ It passed intact after detailed examination in a series of closed meetings.

5. Emb Despatch 286, Jan. 10, 1952, "President Chiang's New Year Message".

-7-

The accomplishments of this session were not particularly outstanding. It lasted from September 1, 1951 to January 19, 1952, holding 32 meetings and 16 closed sessions. A total of 59 bills were passed, the more important of which included regulations governing the allotment of land to the armed forces (to be put into effect after the recovery of the mainland), a revised conscription law⁶, and a law governing drafting regulations and orders by the central government. A number of closed meetings were held at which developments on the Japanese Peace Treaty were followed. At these Foreign Minister Yeh was frequently under attack and criticism expressed of US policy for the failure to bring about a proper treaty relationship between China and Japan.

The incident of the session which commanded the most attention was the attack upon the President of the Yuan, LIU Chien-chun, for mis-conduct. The attack was set off by Premier CHEN Cheng's criticism of the Legislative Yuan as a "corrupt debating society". The reply of the legislators was a move to oust Liu, a close friend of the Premier, for dictatorial methods, misuse of public funds, and extravagance. The general "house-cleaning" and "new independence" that seemed presaged by the air of abandon with which members of the Yuan went about criticizing the conduct of their president and others⁷ failed to materialize in the later meetings. The legislators, apparently satisfied with their gesture of independence and revenge upon the Premier, settled down to complete an uneventful session. They seemed unable to carry the attack forward into a real drive for efficiency and legislative independence, and the whole incident gave the Yuan in the minds of a number of government officials including President Chiang, a certain reputation for irresponsibility.

The C-C Clique which controls about 100 of the over 500 members of the Legislative Yuan led the move against Liu. This group, still an important one, would like to see one of its own members elected as the new president to replace Liu. Because of the animosity in various quarters toward Premier Chen, however, President Chiang is believed to be opposed to the election of a C-C man since it would place a further strain on the already unsatisfactory relations of the Premier with the Legislature. Chen Cheng retains substantial influence in KMT circles, but his outspoken criticism of and impatience with the Legislative Yuan have created many difficulties.

6. Emb Despatch 281, Jan. 8, 1952, "Military Service Law".

7. Emb Despatch 107, Sept. 18, 1951, "8th Session of the Legislative Yuan".

-8-

CHANG Tao-fan, member of KMT Central Reform Committee, Chairman of the Board of Directors of the Broadcasting Company of China, and generally listed as a member of the C-C Clique because of his friendship with the C-C brothers, had been regarded as one of the principal candidates for the position of new President of the Legislative Yuan. In mid-January Chang resigned from the Legislature. His purpose was to disassociate himself from the actions of the C-C legislators in criticizing government administration (including the attacks on Liu) which he intimated he had not approved but was unable to restrain. Recently, however, Chang was persuaded by President Chiang to withdraw his resignation. This move has established him as a leading contender in the election for Yuan President which has been scheduled for February 22, 1952.

The legislators, whose term of office was extended by President Chiang in May 1951 for another year, adjourned the 8th session on January 19, 1952. Left pending for the 9th session which was to begin on February 14 were some 86 bills, including a revised publication law, a police law, and a social education law.

Provisional Provincial Council

The First Provisional Provincial Council for Formosa, which adjourned on December 25, 1951, resumed its session on January 10. This session lasted until January 19 and was occupied with problems of provincial administration. Before adjourning on January 19 the Council conducted a two-day interpellation of Governor Wu and his Departmental Commissioners. Questions concerned all phases of provincial administration with particular criticism expressed over the conduct of state-operated enterprises, the decision to abolish the Provincial Supply Board, high taxes, and operations of the Central Trust. The legislators addressed themselves with special vigor to attacking the operation of state enterprises, charging them with over-staffing, lavish spending, and small or non-existent profits. Inadequacies in the set-up of the Provincial Supply Board were admitted, but the abolition of the Board was attacked as not in the best interests of the province and reorganization urged instead to restore its effectiveness. The legislators at this session went at the problems of provincial administration and expressed their points of view with considerable vigor. That they, or in many cases even the Governor, could go little beyond this was brought out clearly in the interpellations. These showed the overlapping authorities and lack of a clear division of function between Central and Provincial Governments which has often resulted in a hindrance to provincial administration and prevented action on problems of provincial concern.

-9-

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The Resignation of Governor Wu

Since K.C. Wu assumed the governorship of Formosa in December 1949, he has on a number of occasions expressed his desire to resign. This has been attributed principally to his disagreements with Premier CHEN Cheng and the strained relations between the two men. Governor Wu's long standing discontent with his position was apparently brought to a head in January over questions of the division of Provincial Government funds with the National Government. At that time he opposed a request by Premier Chen for a loan from the Bank of Taiwan to meet Central Government payments at the end of the year, and in this was over-ruled by President Chiang. Other causes of the Governor's dissatisfaction have been the duplication of functions between the Provincial and National Governments, the interference in what he considered to be provincial affairs, and the jurisdiction of military courts over many non-military cases. Toward the end of the month it became apparent that Governor Wu was insisting with some determination that his resignation be accepted. At the same time it was reported that elements of the military were favoring Premier Chen to take over the Governorship concurrently on the grounds that a man with a military background should be in that position in times of emergency and the Premier, who had been Governor prior to Wu, still maintained his popularity with the Formosans. One other possibility frequently mentioned to take over Governor Wu's position has been General YU Ta-wei, who was sent to the United States in connection with the P.T. Mow case to take over general supervision of Chinese Government purchasing operations.

The issue may be said for the moment to have been resolved in President Chiang's favor. The President has been firmly opposed to making any major changes in the Government at this juncture. He also continues to have faith in the policy of maintaining a balance between two men, opposed to each other, but whom he believes to be personally loyal to himself. Just prior to Governor Wu's departure for a two week's vacation at the end of January, President Chiang was evidently able to strike such a balance once again between the Premier and Wu, for he obtained the promise of the latter to withdraw his latest resignation. How long this situation can be maintained is not, however, certain. As both men are strong personalities and the basic causes of difference between them have not been solved, it is generally accepted that one or the other eventually will have to go. A significant aspect of this situation is the relatively greater popularity with the Formosans of the old-school General Chen Cheng as compared with the modern and democratic Governor Wu. The fact is that Formosans are accustomed to police state methods and know little of democracy. Fifty years of Japanese rule are responsible for their backwardness in this respect as compared to the mainlanders now on the island.

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